Fiscal imbalance of States

1970. DR. T. SUBBARAMI REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether his Ministry has expressed serious concern over State finances, especially over consistent rise in revenue imbalance of State Governments;

(b) whether RBI has also expressed displeasure over borrowings by States through Special Purpose Vehicles to fund their financial deficit;

(c) if so, whether Central Government have stepped up to contain growth of State's debt liabilities; and

(d) if so, to what extent these steps have helped States to improve their finances?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) Finance Ministry and Reserve Bank of India are indeed concerned about large revenue deficits of State Governments.

(c) and (d) Govt. of India has taken several measures like placing a cap on overall borrowings of the State governments, bringing borrowing through such Special Purpose Vehicles under discipline of Article 293 (3), Debt Swap Scheme for containing growth of States' debt liabilities. As a result of measures taken by GOI and States, growth rate in new borrowings have come down from 58.5 % in 1997-99 to 1.2% in 2002-04. Ratio of revenue deficit to revenue receipts has also declined from 26.29% in 1999-2000 to 21.97% in 2003-04 (RE).

Policy on domestic savings

1971. SHRI K. RAMA MOHANA RAO: Will the Minister of FINANCE be pleased to state:

(a) what steps Government have taken or propose to take to increase the domestic savings from the current level of 24 per cent to the level of 26 per cent;

(b) the domestic savings of the country during the last three years, year-wise;